

Memorandum

City of Lawrence

Finance Department

TO: Craig S. Owens, City Manager

FROM: Jeremy Willmoth, Finance Director

DATE: May 4, 2022

RE: April 2022 Sales and Use Tax Report

The City received its April sales and use taxes, along with its share of County sales and use tax, and the special taxing districts distribution, which totaled \$3,592,112. This is predominately from sales that occurred in February 2022. Of this amount, \$2,854,554 was from sales taxes and \$702,367 was from use taxes before Tax Increment Financing Districts (TIF) payments were applied. The remaining \$35,191 was from sales and use taxes within the three Transportation Development Districts (TDD).

April Sales and Use Tax

Sales and Use Tax Budget Comparison (excluding special districts)

Sales and use tax for April 2022 compared to budget:

The City's sales taxes experienced a \$54,549 decrease (-2.62%).

The City's use taxes experienced a \$125,640 increase (35.00%).

The City's portion of the County's general sales and use tax experienced a \$16,650 increase (1.65%).

Sales and use tax for Jan. – April 2022 compared to budget:

The City's sales taxes experienced a \$140,029 increase (1.55%).

The City's use taxes experienced a \$356,903 increase (22.89%).

The City's portion of the County's general sales and use tax experienced a \$179,695 increase (4.10%).

Year-to-date total sales and use tax revenues experienced a \$676,627 increase (4.51%) compared to the budget.

All Sales Taxes Collected	April Budget	April 2022	2022 Budget	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 2,083,000	\$ 2,028,451	\$ 9,052,000	\$ 9,192,029	\$ 140,029	1.55%
Use Taxes	359,000	484,640	1,559,000	1,915,903	356,903	22.89%
City portion of County Taxes	1,009,000	1,025,650	4,384,000	4,563,695	179,695	4.10%
All Sales Taxes Collected	\$ 3,451,000	\$ 3,538,741	\$ 14,995,000	\$ 15,671,627	\$ 676,627	4.51%
Sales Tax by Category						
City Sales tax	\$ 1,343,000	\$ 1,306,428	\$ 5,838,000	\$ 5,920,781	\$ 82,781	1.42%
City Use tax	233,000	312,671	1,013,000	1,236,066	223,066	22.02%
City Share County Sales Tax	849,000	807,923	3,688,000	3,669,600	(18,400)	-0.50%
City Share County Use Tax	160,000	217,728	696,000	894,094	198,094	28.46%
Total General Fund Receipts	2,585,000	2,644,749	11,235,000	11,720,542	485,542	4.32%
Infrastructure Sales Tax	404,000	393,831	1,756,000	1,784,317	28,317	1.61%
Infrastructure Use Tax	68,000	93,801	296,000	370,820	74,820	25.28%
Total Capital Impr. Reserve Receipts	472,000	487,632	2,052,000	2,155,137	103,137	5.03%
Transit Sales Tax	269,000	262,554	1,168,000	1,189,545	21,545	1.84%
Transit Use Tax	47,000	62,534	203,000	247,213	44,213	21.78%
Total Transit Receipts	316,000	325,088	1,371,000	1,436,758	65,758	4.80%
Affordable Housing Sales Tax	67,000	65,638	290,000	297,386	7,386	2.55%
Affordable Housing Use Tax	11,000	15,634	47,000	61,803	14,803	31.50%
Total Affordable Housing Receipts	78,000	81,272	337,000	359,189	22,189	6.58%
Total Receipts*	\$ 3,451,000	\$ 3,538,741	\$ 14,995,000	\$ 15,671,627	\$ 676,627	4.51%

*Excluding the portion paid to a Tax Increment Finance District.

Sales and Use Tax Trends Year to date

Sales and use tax for March 2022 compared to prior year:

The City's sales taxes experienced a \$147,012 increase (7.76%).

The City's use taxes experienced a \$185,346 increase (61.93%).

The City's portion of the County's general sales and use tax experienced a \$126,488 increase (13.98%).

Sales and use tax for Jan. - March 2022 compared to prior year:

The City's sales taxes experienced a \$991,352 increase (12.02%).

The City's use taxes experienced a \$513,195 increase (36.59%).

The City's portion of the County's general sales and use tax experienced a \$584,125 increase (14.59%).

Year-to-date total sales and use tax revenues (including special districts) experienced a \$2,097,369 increase (15.20%) compared to the prior year.

All Sales Taxes Collected	April 2021	April 2022	2021 YTD Collected	2022 YTD Collected	Increase/ (Decrease)	% Change
Sales Taxes	\$ 1,893,803	\$ 2,040,816	\$ 8,249,328	\$ 9,240,680	\$ 991,352	12.02%
Use Taxes	299,294	484,640	1,402,708	1,915,903	513,195	36.59%
City portion of County Taxes	904,977	1,031,466	4,002,850	4,586,975	584,125	14.59%
Special District Taxes	37,050	35,191	144,637	153,334	8,697	6.01%
All Sales Taxes Collected	\$ 3,135,125	\$ 3,592,112	\$ 13,799,523	\$ 15,896,892	\$ 2,097,369	15.20%
Sales Tax by Category						
City Sales tax	\$ 1,214,773	\$ 1,306,428	\$ 5,296,478	\$ 5,920,781	\$ 624,303	11.79%
City Use tax	193,093	312,671	904,973	1,236,066	331,093	36.59%
City Share County Sales Tax	760,472	807,923	3,327,037	3,669,600	342,563	10.30%
City Share County Use Tax	140,497	217,728	661,186	894,094	232,908	35.23%
Total General Fund Receipts	2,308,835	2,644,749	10,189,674	11,720,542	1,530,868	15.02%
Infrastructure Sales Tax	365,898	393,831	1,594,485	1,784,317	189,833	11.91%
Infrastructure Use Tax	57,928	93,801	271,492	370,820	99,328	36.59%
Total Capital Impr. Reserve Receipts	423,826	487,632	1,865,976	2,155,137	289,161	15.50%
Transit Sales Tax	243,932	262,554	1,062,990	1,189,545	126,555	11.91%
Transit Use Tax	38,619	62,534	180,995	247,213	66,219	36.59%
Total Transit Receipts	282,550	325,088	1,243,984	1,436,758	192,774	15.50%
Affordable Housing Sales Tax	60,983	65,638	265,747	297,386	31,639	11.91%
Affordable Housing Use Tax	9,655	15,634	45,249	61,803	16,555	36.59%
Total Affordable Housing Receipts	70,638	81,272	310,996	359,189	48,193	15.50%
Free State TDD	30,015	24,964	118,968	112,386	(6,582)	-5.53%
Oread TDD	4,886	6,341	18,471	26,943	8,472	45.87%
Oread TIF City Share	4,886	6,341	18,471	26,943	8,472	45.87%
Oread TIF City Share of County	2,784	3,601	10,525	15,300	4,775	45.37%
Total Oread Receipts**	12,556	16,284	47,466	69,185	21,719	45.76%
9th NH South TDD	2,149	3,886	7,199	14,005	6,807	94.55%
9th NH South TIF City Share	3,332	6,023	11,158	21,708	10,550	94.56%
9th NH South TIF City Share of Co	1,225	2,214	4,102	7,981	3,879	94.56%
Total 9th NH South Receipts	6,706	12,124	22,458	43,694	21,236	94.55%
Total Special Districts	49,277	53,371	188,893	225,266	36,373	19.26%
Total Receipts	\$ 3,135,125	\$ 3,592,112	\$ 13,799,523	\$ 15,896,892	\$ 2,097,369	15.20%

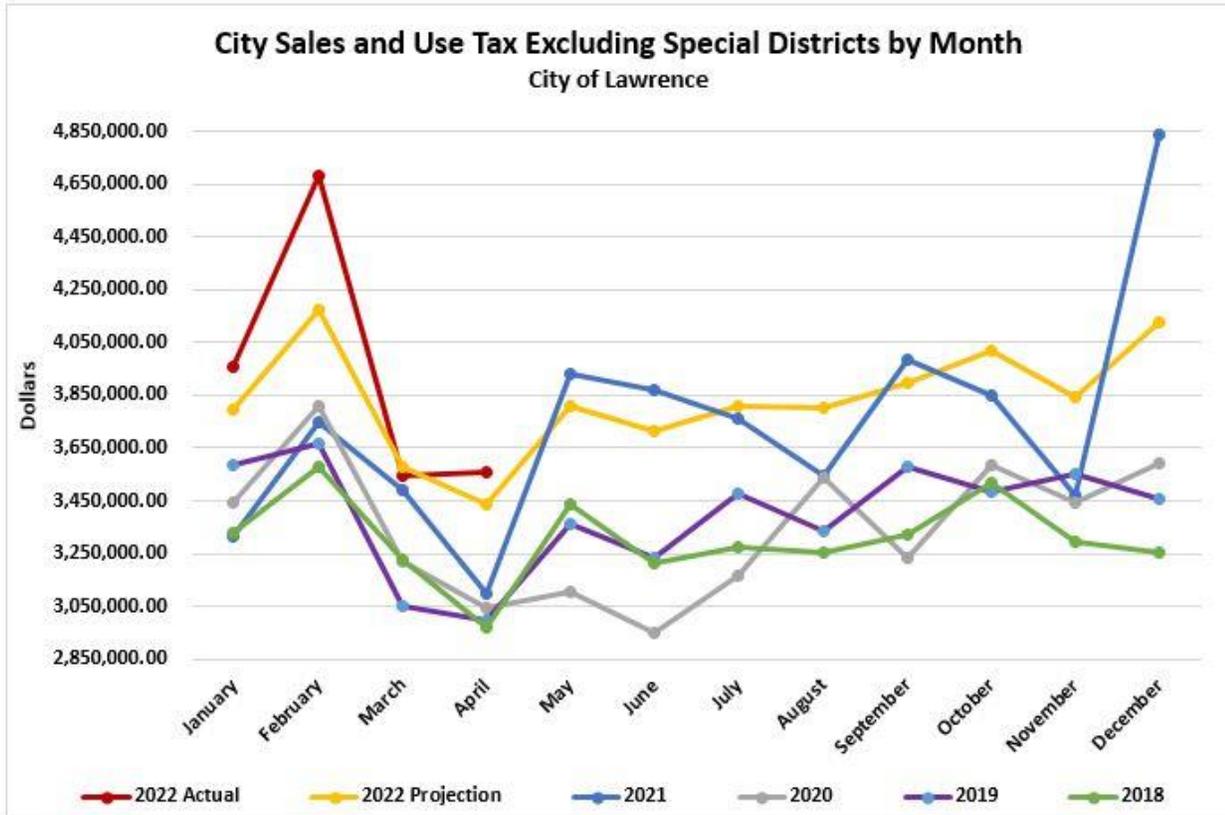
**Oread distributions are currently under review.

Given the City's reliance on sales tax, and the significant impact that COVID-19 has had on sales in the City, we felt a little deeper analysis of where we are in relation to where we have been, and where we believe we are headed would be beneficial.

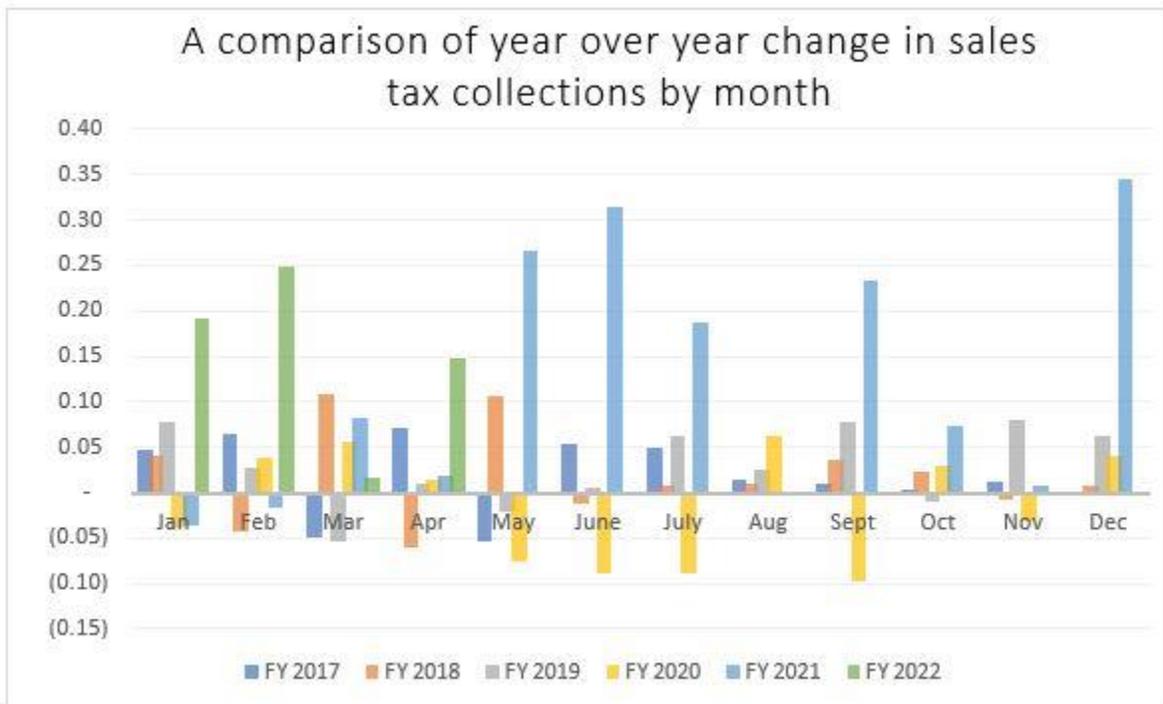
This chart has been modified to include FY's 2018-2021 and our actual results and current projection for FY 2022. As you can see from the chart, our sales and use tax is higher than we projected, by 4.51%.

As the chart illustrates for April:

- FY 2020 collections were \$13.52 million.
- FY 2021 collections were \$13.65 million. 0.99% growth over the prior year.
- FY 2022 collections are \$15.74 million. 15.30% growth over the prior year.



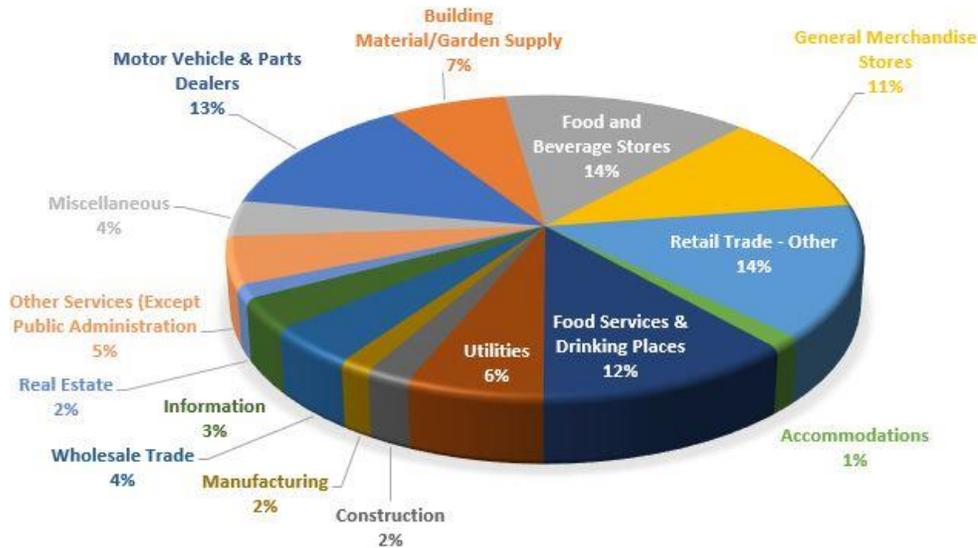
This chart shows month over month change for FY's 2017-2021, and our actual results for FY 2022. The City has had growth in monthly sales tax collection for the past fourteen months.



Sales Tax Distribution

Sales within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 59% of all sales (Noted in the table below in blue).

CITY OF LAWRENCE RETAIL SALES TAX DISTRIBUTION BY INDUSTRY YEAR-TO-DATE APRIL 2022

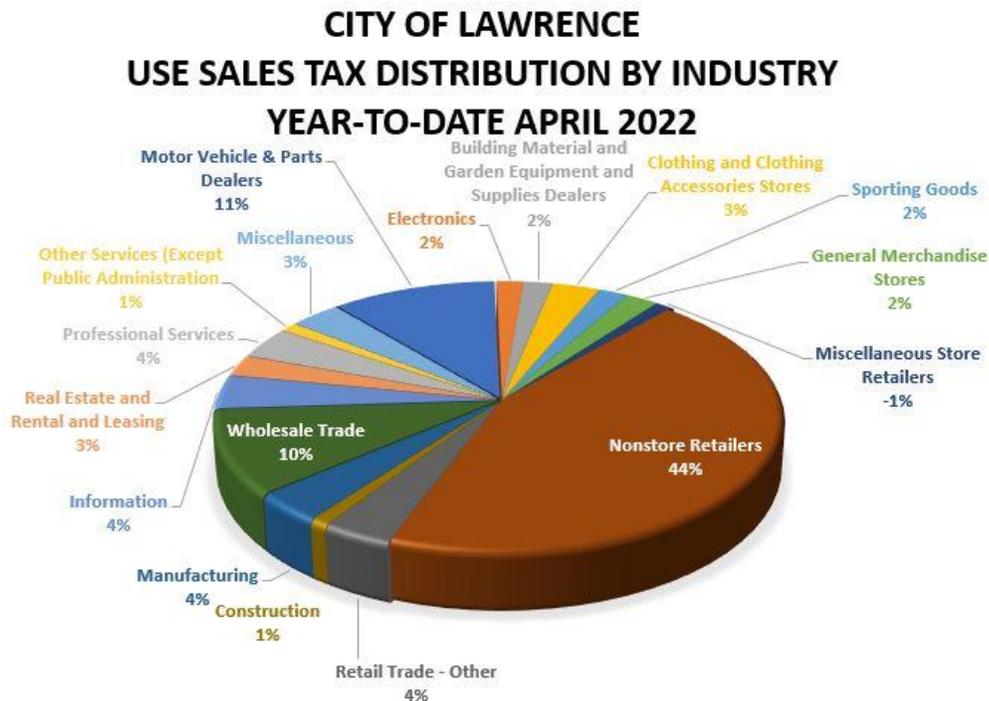


The following table is divided by the North American Industry Classification System (NAICS) sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top four categories are listed separately. The table shows that there was growth in all but one significant categories in Retail Trade compared to last year. There was also growth in eight of the other significant categories. Overall total sales were up by \$991,352 or 12.02% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 1,286,221	\$ 1,203,689	\$ (82,532)	-6.42%
Building Material/Garden Supply	557,801	634,523	76,722	13.75%
Food and Beverage Stores	1,300,645	1,320,971	20,326	1.56%
General Merchandise Stores	916,260	985,968	69,708	7.61%
Retail Trade - Other	1,166,155	1,332,730	166,575	14.28%
Accommodations	63,583	122,864	59,282	93.24%
Food Services & Drinking Places	925,622	1,080,559	154,937	16.74%
Utilities	534,724	574,950	40,226	7.52%
Construction	189,003	187,454	(1,549)	-0.82%
Manufacturing	118,120	135,837	17,717	15.00%
Wholesale Trade	320,707	386,485	65,778	20.51%
Information	251,903	313,724	61,820	24.54%
Real Estate	113,268	132,048	18,780	16.58%
Other Services (Except Public Administration)	248,122	474,583	226,461	91.27%
Miscellaneous	257,193	354,294	97,101	37.75%
Grand Total	\$ 8,249,328	\$ 9,240,680	\$991,352	12.02%

Use Tax Distribution

Use taxes within the City are from a wide variety of industries. The largest industrial segment is Retail trade at around 70% of all use taxes (Noted in the table below in blue).



The following table is divided by the North American Classification System (NAICS) Industry Sectors to provide some context to the diversity within the City's sales tax system. Retail Trade has been broken out below, so the top eight categories are listed separately. The table shows that there was growth in all but one category in Retail Trade when compared to last year. There was also growth in six of the other significant categories when compared to last year. Overall total use taxes were up by \$512,387 or 36.53% when compared to last year.

NAICS Industry Sector	2021	2022	FY22 vs. FY21	
			Increase (Decrease)	% Change
Motor Vehicle & Parts Dealers	\$ 200,320	\$ 210,416	\$ 10,095	5.04%
Electronics	22,953	33,737	10,784	46.98%
Building Material and Garden Equipment and Supplies Dealers	32,382	36,756	4,374	13.51%
Clothing and Clothing Accessories Stores	48,425	59,534	11,109	22.94%
Sporting Goods	27,740	37,026	9,286	33.48%
General Merchandise Stores	39,139	41,633	2,494	6.37%
Miscellaneous Store Retailers	57,977	(20,706)	(78,684)	-135.71%
Nonstore Retailers	413,436	868,165	454,729	109.99%
Retail Trade - Other	46,913	70,676	23,764	50.66%
Construction	21,306	18,001	(3,305)	-15.51%
Manufacturing	68,958	70,430	1,472	2.13%
Wholesale Trade	164,829	198,095	33,265	20.18%
Information	59,772	79,486	19,715	32.98%
Real Estate and Rental and Leasing	73,353	49,735	(23,618)	-32.20%
Professional Services	40,315	74,761	34,447	85.44%
Other Services (Except Public Administration)	19,914	22,054	2,140	10.74%
Miscellaneous	64,977	65,296	319	0.49%
Grand Total	\$1,402,708	\$1,915,095	\$512,387	36.53%